

A-Level Economics

Name: _____ Score: _____

1. Internal balance refers to:

- ☐ a balanced government budget only
- ☐ low inflation and low unemployment at home
- ☐ a fixed exchange rate
- ☐ a current-account surplus

2. If 1 pound = 1.25 dollars, how many dollars is 400 pounds?

3. Economic development differs from economic growth because it focuses on:

- ☐ only exports
- ☐ only the level of GDP
- ☐ only the money supply
- ☐ living standards and quality of life, not just output

4. Many developing economies rely heavily on the:

- ☐ tourism sector only
- ☐ high-tech sector
- ☐ primary sector (agriculture and raw materials)
- ☐ financial services sector

5. Foreign direct investment by multinationals can bring a developing country:

- ☐ capital, jobs and technology
- ☐ a smaller workforce
- ☐ lower exports
- ☐ only debt

6. Which is a key driver of globalisation?

- ☐ banning multinationals
- ☐ rising tariffs
- ☐ closing borders
- ☐ falling transport and communication costs

7. A demand boost normally improves both internal balance (jobs) and the trade balance.
- ☐ True ☐ False
8. A managed float is an exchange rate fixed permanently by the central bank.
- ☐ True ☐ False
9. Economic growth can occur without development if the gains do not reach most people.
- ☐ True ☐ False
10. In a poverty trap, low incomes lead to low saving and investment, keeping incomes low.
- ☐ True ☐ False

A-Level Economics

1. low inflation and low unemployment at home

Internal balance = stable prices and full employment; external balance = a sustainable BoP.

2. 500

$400 \times 1.25 = 500$ dollars.

3. living standards and quality of life, not just output

Development is about welfare (health, education, choices), not just more output.

4. primary sector (agriculture and raw materials)

Primary-product dependence (with volatile prices) is a common feature.

5. capital, jobs and technology

FDI brings capital, employment and know-how – though profits may flow abroad.

6. falling transport and communication costs

Cheaper transport/communication, trade liberalisation and MNCs drive integration.

7. False

False. Higher demand creates jobs but also raises spending on imports, which worsens the current account. That is the internal–external balance conflict.

8. False

False. That would be a fixed exchange rate. A managed float is mostly set by the market, with occasional central-bank intervention to limit large swings.

9. True

If growth is captured by a few, average welfare may barely improve.

10. True

The self-reinforcing cycle that makes development hard to start.